Improvement in the functioning of RRBs

723. SHRI S. M. LALJAN BASHA: Will the Minister of FINANCE be pleased to state:

(a) whether it is a fact that the 196 Regional Rural Banks are to be merged into one big entity;

(b) whether it is also a fact that a commercial financial institution will emerge from this merger;

(c) if so, what are the objectives of this proposal; and

(d) to what extent this will improve the functioning of the regional banking network?

THE MINISTER OF STATE IN THE MINISTRY OF FINANCE (SHRI S.S. PALANIMANICKAM): (a) No, Sir.

(b) to (d) Several options for revamping of Regional Rural Banks (RRBs) have been suggested. Each of above options has certain merits and demerits and none can be applied in isolation because of the prevailing socio-economic conditions and region specific problems. The reach and size of the RRBs will also be kept in view while considering consolidation of RRBs on a sustainable basis. Discussions in this regard had so far remained inconclusive.

Chelapati Rao Committee on RRBs

724. SHRI S.M. LALJAN BASHA: Will the Minister of FINANCE be pleased to state:

(a) whether Government had appointed the Chelapati Rao Committee to study various aspects of rural finance and the role of Regional Rural Banks;

(b) if so, when did the Committee submit its report; and

(c) what steps Government have taken to implement this report?

THE MINISTER OF STATE IN THE MINISTRY OF FINANCE (SHRI S.S. PALANIMANICKAM): (a) and (b) a Working Group was constituted under the Chairmanship of Shri M.V.S. Chelapati Rao to review and suggest amendments in the Regional Rural Banks' (RRBs') Act, 1976 and issues connected therewith. The Working Group submitted its report on 6th August, 2002.

(c) The important recommendations of the Working Group suggesting changes in capital structure, ownership pattern etc. of the RRBs involve